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FOREIGN NEWS ON APPLES

EUROPEAN APPLE MARKETS IN 1924

This mid-winter review is written to impress upon American apple growers and shippers some of the salient points affecting the European market during the fall of 1924, and to acquaint them with conditions now influencing the market for the balance of the apple season. The situation in Germany will herein be dealt with in more detail than that in other countries since first-hand information on that market has not been so available to American growers and shippers as that on other markets.

Foreign Competition During 1924.

American growers were told that the English apple crop grown during 1924 was the shortest in years. Added to this, the growing season was one of the most unfavorable in the history of the country. In the apple districts of Holland, Switzerland, Northern Italy, Czecho-Slovakia, Roumania and Jugo-Slavia, however, the crop was the heaviest and the best that they had ever had. The competition of the crop in these countries is not given adequate valuation by our American apple industry. It represents a tremendous volume and has certain lines that represent a much higher class commercial output than is seen in the English crop. Tyrolian shippers put a package on the market that is second only to Pacific Northwestern boxes. It reaches all European markets. In German and Scandinavian markets these apples are seen in much greater volume than are American apples.

BRITISH MARKETS.

Because of the poor quality of English apples, early season arrivals of California Gravensteins and Northwestern Jonathans realized unusually high prices and gave a favorable indication as to probable demand for later American shipments. The short crop in the United States, good home demand and high shipping-point prices caused heavy f.o.b. sales and effectively checked consignments by growers and shippers to European markets with the exception of those organizations following this method of marketing as a general policy.

In view of this situation, export speculators, both in America and abroad, looked favorably upon the prospects for buying heavy supplies of apples of varieties and sizes suitable for the export trade and made investments accordingly. It is doubtful if purchases by these factors were ever as heavy as they were during the autumn of 1924. British brokers having the accounts of regular consignment shippers took the same view and encouraged their shippers along identical lines. Thus the situation resulted in the consignments being placed in strong hands.

With the American boxed apple crop only about 71% and the barreled apple crop 87% of the production of 1923, early exports were of practically the same volume as in the preceding season. Up to November 15th exports of barreled apples from the United States and Canada were 1,378,714 barrels as against 1,452,442 barrels in 1923; and of boxed apples 2,223,719 boxes as against 2,140,807 boxes in 1923. With the export movement in strong hands and with the

favorable speculative outlook, prices in the British port markets kept considerably above the low level of 1923 regardless of the unexpected volume, but necessarily could not stand up to American values, so that it was common to see apples selling in England and Scotland at figures as low as or lower than those for like lines in New York. Ordinarily this would have discouraged consignments and caused a corresponding rebound in overseas price levels, but having the exportable supplies in speculative hands had its influence and all factors continued to ship with the intention of taking advantage of the expected short supplies and high prices. Up to January 3rd there were exported from the United States and Canada 1,842,816 barrels as against 2,075,411 barrels in 1924 and 3,575,198 boxes as against 2,863,280 boxes in 1924.

These heavy supplies never allowed the market to strengthen, and price levels during December and January were usually lower than in markets in the Eastern part of the United States. This has been especially true in the case of boxed apples.

Virginia Exportations Below Usual Standards.

One depressing influence that should not be overlooked has been the large quantity of small and inferior apples exported from Virginia. Thinking that there would be a demand for cheap apples in Great Britain because of the short American crop, unusually large quantities of small York Imperials were purchased and exported or consigned abroad by Virginia growers. Much of the fruit otherwise would have been sent to the cider mill. In all quarters one hears the complaint about the poor quality and deceptive packing in this year's supplies of Virginia Yorks. It is unfair to say that these apples sold for less money in British markets than would have been realized at home, but nevertheless they undermined the value of the higher quality apples and have had a great influence in keeping the market weak throughout the fall and early winter.

The York Imperial having color, is used extensively as a cheaper fruit-stand apple. The British housewife chooses a green apple of reasonably large size for cooking purposes. During December there was a fair demand for Western New York R. I. Greenings, but practically none came on the market. During late January and the month of February these apples have been arriving out of cold storage in quantities greater than is warranted. Had a portion of these supplies been forwarded during the month of December it is probable that they would have realized as great net returns and would have gone into consumption while in prime condition.

British Buying Power.

It is generally stated that British buying power has been as high during 1924 as during 1923, but for high-priced apples it was not good during 1923. The coal, iron, steel and shipbuilding industries of England and Scotland have been in a very unsatisfactory condition during the last three or four years. Their payrolls are shockingly short. Unemployment and the dole are centered around these industries. Living on a minimum of income, these workers cannot buy high-priced apples.

It has been stated that when boxed apples go above six pence (12¢) per pound consumption is cut 50%. When the retailer pays more than 14/- (\$3.36) per box he raises his price above six pence per pound. In other words when the f.o.b. price in our Western States goes above \$1.50 per box, consumption is reduced by the stifling influence of eight pence (16¢) per pound retail prices. When there is a good payroll in the industrial districts the higher prices do not have a drastic effect because the British worker is a free buyer when he has the money. During the present period he does not have it.

Oranges Are Cheap.

Although oranges have been very plentiful and cheap, retailing as low as one penny each (24¢ per dozen), the trade in this fruit has not been brisk since the beginning of the new year. The British fruit trade generally denies that cheap oranges have any influence on apple demands. It would seem reasonable, however, that they would have some influence, especially when apples are high in price.

In summarizing the conditions in Great Britain it appears that various factors have caused heavier importations from August 1st till December 31st than the market warranted, even if the buying power of the consumers had been greatly improved over 1923. While this unquestionably has been embarrassing to buying exporters, it nevertheless has had a strengthening effect on American markets.

This state of affairs cannot be expected to continue during the balance of the winter and the reduction of arrivals in boxed apples during the month of January would indicate that more stable conditions may prevail during the latter part of the season. As prices gradually come up to levels being maintained in the United States the quantities going into consumption will be very much below those of the same period of last year, so that we may expect a great falling off in exports during the latter part of the winter.

CONDITIONS IN CONTINENTAL MARKETS

The war and the difficulty of obtaining "luxury permits" after the war, followed by the period of trade strangulation incident to the currency inflation, resulted in the German people being denied American apples from 1914 till 1923. They worked up an immense appetite for them. Just prior to December 1923 German workers were receiving their pay envelopes every two or three days and they spent their earnings before going to bed, because by the next night the amount they could buy with their pay would probably be cut in half. As their rents were practically free they spent everything for commodities. The mark declined to four trillion to the dollar and meant very little to them, while the pfennig was entirely out of their comprehension.

With this state of affairs existing for months, the people's sense of money value was entirely gone, when the mark took the unchanging value of 23.9¢. Everything seemed cheap to them. Moreover, they had little confidence in the stability of the new currency and spent all of their earnings without delay for what ever they most wanted. Their craving for American apples caused a demand

that the available supply could not satisfy. The prices of the apples in no way hindered this unusual call for American fruit. With only temporary setbacks unthought-of demands and high prices prevailed until March 1924 when the people began to be convinced that the currency was actually stabilized and realized that they were facing a new set of conditions wherein their earnings did not meet living expenses. Strikes followed and these conditions checked Germany's apple dissipation of 1923-24, during the balance of the fruit season.

During the period of great demand those who dared to buy apples in America or England and ship them to Rotterdam and Hamburg reaped a rich harvest. The profits made were enormous. By the opening of the 1924 apple season these same people faced a new set of conditions. The strikes had been settled and the German people had been given nearly a year to become familiar with their new currency. In the minds of those who had done so well in the previous year there was the question as to whether the German people would again buy apples as they did before the strikes.

Causes of the Collapse of the Hamburg Market in November 1924.

Some of the importing factors had faith in the persistence of the German appetite for American apples because as soon as the American apple harvest got into full swing heavy shipments were directed toward Hamburg. The results were disastrous. Extra Fancy Winesaps, in prime shape for the January market, sold for nine shillings (\$2.16) per box when their real value was at least fifteen shillings (\$3.60).

Brokers and importers failed to fully recognize two things; first that the situation during the winter of 1923-24 was wholly artificial and probably would never be duplicated again; and second, that during the fall of 1924 the German markets were being deluged with supplies of apples from Roumania, Jugoslavia, Czecho-Slovakia, the Tyrol sections and Holland, where record-breaking crops were harvested. These apples went on the market at very low prices, being shipped in bulk under low-cost conditions, and not being subject to import taxes. Under these circumstances the opening for high-priced American apples during the fall months was very limited indeed.

When a thorough appreciation was had of these changed conditions, - and especially after hopeless prices were taken for the November arrivals - there was a sharp cut-off in supplies of American apples. German wholesalers were practically cleaned up on American apples before the Christmas trade. Christmas week the markets were short of good American apples and the home supplies were beginning to show a weakened condition.

Import Tax and High Freights Cut Barreled Apple Outlet.

Prior to the war Germany imported large quantities of barreled apples from the United States and Canada. Outbound shipping from Germany to the United States enabled low freight rates on apples from New York to Continental ports. In those days the American barreled apple met a German demand for high quality cheap fruit. At the present time the higher freight rates coupled with an import tax amounting to ten marks (\$2.39) per hundred kilos (220 pounds) does not

make the American barreled apple a cheap fruit by the time it passes the German frontier. The difference between its cost and the cost of boxed apples from the Pacific Northwest is so small that buyers have turned to boxed apples, as they arrive in a condition that makes them preferable for reshipping and are generally more satisfactory in meeting the demands for high-class apples.

Reliable importers make the statement that large quantities of barreled apples will not be imported into Germany until lower import taxes prevail. The importing interests are using their influence toward getting reductions but without very sanguine prospects at the present time. They suggest that interests in the United States prevail upon the American government to bring about a commercial treaty between the two countries which would specify German import tax concessions on American fruit. Such a treaty is in effect between Spain and Germany with the result that Spanish oranges enjoy a low import tax.

Stronger Markets Since January 1st.

Exporters to Germany have been very cautious since the over-supplies in November. After cleaning up the supplies over the holidays the market was again tried out on January 6 when 23,000 boxes were offered on the Hamburg auction. A very strong demand prevailed and prices ran four to five shillings (\$.96 to \$1.20) per box above the British market. This sale has been followed with moderate supplies that have realized prices equal to American levels.

The German buyers are very discriminating and while prices have been very satisfactory on direct shipments that have landed in good condition, this has not always been the case with apples reshipped from England. With the curtailment of supplies sent to Great Britain and the strong position of supplies in America, it is anticipated that during the balance of the season shipments to Germany will be moderate and that values will reflect American costs with a margin of profit for the exporter. This being the case the total shipments to Germany from the 1924 crop will fall far below those of the corresponding period of the previous year.

Scandinavian Markets Take Reduced Quantities.

The Scandinavian markets have been supplied by direct purchases in the United States and Canada to a greater extent than usual. This has caused prices to be influenced to a lesser degree by prices in England than otherwise would have been the case. Thus in Norway, Sweden and Denmark prices to the Scandinavian consumer have ruled higher than they have to the British. Exports to these countries as a result have fallen off to some extent.

The indications are that they will continue to take reduced supplies for the balance of the season. But, as the buying power in these countries is not as strong as it is in the United States, it is doubtful if they will keep up their ratio of consumption at the high apple prices that are being maintained in American markets this winter.

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